ASCS BACKGROUND INFORMATION

Agricultural Stabilization and Conservation Service
U. S. Department of Agriculture

BI No. 1 November 1973

THE AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The Agricultural Stabilization and Conservation Service (ASCS) is the agency of the U.S. Department of Agriculture that administers specified commodity and related land use programs designed for voluntary production adjustment, resource protection, and price, market, and farm income stabilization.

Personnel and facilities of the agency are utilized also for various functions of the Commodity Credit Corporation (CCC), the governmental unit charged with financing agricultural price support, commodity set-aside program, and related activities, including commodity acquisition, handling, storage and disposal operations.

In its activities, the agency's primary responsibilities to promote the national welfare and to carry out the legislative intent of the Congress include those to:

- -- improve the economic stability of agriculture by aiding farmers to achieve supply-demand balances that result in an equitable share of both domestic and export markets, and an equitable return on those markets.
- -- maintain an even flow of quality products to market at reasonable price to both producer and consumer.
- -- improve and protect soil and water resources by aiding farmers to carry out specified and funded conservation and land use practices.

All programs administered by ASCS that deal directly with farmers are carried out through State, county, and community committees, established in accordance with provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act of 1935, as amended.

The principal activities of ASCS include:

(1) Commodity support operations through (a) loans to farmers; (b) direct purchases of commodities from farmers and processors; (c) acreage set-aside payments, when applicable, on specified commodities, (d) production payments for wool and mohair, and (e) as required, for the 1974-77 crop years of wheat, feed grains and upland cotton, payments if open market prices fall below a support "target price" fixed by law for each commodity, with the rates as specified by law.

(2) Production adjustment to balance supply and demand for specified commodities, through cropland set-aside, acreage allotments, marketing quotas, and commodity acreage diversions, when applicable. For flue-cured tobacco, a poundage-acreage program is in effect, and a poundage program for burley tobacco.

(3) Management of the Commodity Credit Corporation inventories when acquired under commodity programs -- through sales, donations, storage, and related processing and shipping arrangements.

(4) The sugar program to provide an equitable sharing of the U.S. sugar market among domestic and foreign supplying areas, to protect the income of domestic producers, and to assure consumers a stable supply of sugar at reasonable prices.

(5) Disaster activities to augment feed supplies for farmers and ranchers in areas where natural disasters have reduced feed, to provide emergency conservation assistance in restoring farmlands seriously damaged by widespread flood or drought, and emergency preparedness activities to assist in planning for civil defense.

(6) Conservation assistance through cost-sharing with farmers and ranchers.

Organization

The agency is headed by an Administrator, an Associate Administrator, and three Deputy Administrators. Each of the Deputy Administrators has responsibility in a specified area of activity: commodity programs and State and county operations; commodity office operations and related activities, and management.

Reporting to the Office of the Administrator are the Information Division, the Program Evaluation and Appraisal Staff, and assistants in specified areas of responsibilities.

Offices and divisions of the agency reporting to the Administrator through the Deputy Administrators are as follow:

Deputy Administrator, Programs (DAP): This office is charged with formulating commodity policy and programs concerned with price support (except for milk and its products), commodity loan and payment operations, production adjustment, and for regulations and program instructions for State and county committees.

Programs administered through and by these committees include commodity and land use programs, program compliance and appeals, emergency preparedness activites, and disaster operations (Emergency Conservation Measures and the Emergency Livestock Feed Program).

Agricultural Stabilization and Conservation Service
Information Division

Washington, D. C. December 10,1973

E R R A T A

ASCS BACKGROUND INFORMATION

BI No. 1 - THE AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, November 1973.

The following change should be entered in the above report.

Page 5 - Paragraph 3 should read Prairie Village, Kansas -- <u>not</u> Prairie Village, Mo.

The commodity divisions reporting to DAP include:

Grain (GR) Division: Wheat, corn, grain sorghum, oats, barley and rye.

Cotton, Rice and Oilseeds (CRO) Division: Upland and extra long staple cotton; cotton products, linters and other fibers; rice, soybeans, flaxseed, dry edible beans, cottonseed, tung nuts, castor beans, oils, oil seed meals, naval stores, and foundation planting seeds.

Tobacco and Peanut (TP) Division: Eight kinds of tobacco (flue-cured and burley make up more than 90 percent of total production) and tobacco products; and five types of peanuts and products: Virginia, Runner, Southeast Spanish, Southwest Spanish and Valencia.

Sugar (SU) Division: Responsibilities relative to administration of of the Sugar Act and production adjustment for sugar, sugarcane, sugarbeets, molasses, confectionary and sugar-containing products, and price support for honey.

Program Operations (PO) Division: Responsibilities relative to on-farm application of programs for production adjustment, wool and mohair incentive payments, indemnification programs (dairy and beekeepers), and program provisions common to more than one ASCS division.

Reporting to the Deputy Administrator, also, are the Program Appeals (PRA) Staff and the Emergency Preparedness (EP) Division.

The Environmental Quality and Land Use (EL) Division is responsible for authorized rural environmental conservation measures, the Water Bank, the Cropland Adjustment Program, the Cropland Conversion Program, the Emergency Conservation Program, the Emergency Livestock Feed program, the public access program and specified environmental quality activities.

Also reporting to the Deputy Administrator are four Regional Directors (with headquarters in Washington, D.C.) 50 ASCS State Offices and a Caribbean Area Office.

The offices headed by the four Regional Directors and the States they service are:

Eastern Region.

Connecticut	Massachusetts	Rhode Island
Delaware	New Hampshire	South Carolina
Florida	New Jersey	Vermont
Georgia	New York	Virginia
Maryland	North Carolina	West Virginia
Maine	Pennsylvania	

Also includes the Caribbean Area Office.

East Central Region.

Alabama	Kentucky	Ohio
Illinois	Michigan	Tennessee
Indiana	Minnesota	Wisconsin
	Mississippi	

West Central Region.

Arkansas	Louisiana	New Mexico
Iowa	Missouri	Oklahoma
Kansas	Nebraska	Texas

Western Region.

Alaska	Idaho	South Dakota
Arizona	Montana	Utah
California	Nevada	Washington
Colorado	North Dakota	Wyoming
Hawaii	Oregon	

ASCS State and county committees are primary units in the agency's field organization. The State committees include three to five members, appointed by the Secretary of Agriculture. In addition, in each State the Director of the Agricultural Extension Service is an ex officio member.

There are (1973) 3,060 county committees, with three farmer-members each, elected by farmer-elected delegates to a county convention. One committeeman is elected each year, with two committeemen being holdovers. The county agricultural extension agent is an ex officio member of the committee, or serves as the committee secretary. However, he does not have committee voting rights in either position.

To assist the county committee in carrying out program administration, community committees of three farmers each are elected annually by other farmers in each of several local communities within the county.

Each ASC county committee employs a county executive director who, for the committee, hires the necessary employees for officework and fieldwork, and sees that the day-to-day office and field operations are effectively and efficienty performed.

Deputy Administrator, Commodity Operations (DACO): This office is responsible for the dairy support program, and is primarily responsible for the administration of the acquisition, storage (except CCC-owned bin storage), transportation, processing, management and disposition of CCC-owned commodities. In addition, this office formulates commodity policies and programs concerned with purchase, sale or disposal of specified stocks in domestic outlets, and commodity storage in commercial warehouses.

Reporting to the Deputy Administrator are the Commodity Operations (CMO) Division and two ASCS Commodity Offices, located in Prairie Village, Mo., and Minneapolis, Minn.

The Commodity Operations Division formulates price support policy and programs for milk and its products through purchases of non-fat dry milk, natural Cheddar cheese and butter.

The division, in consultation with the commodity division in DAP, develops and recommends policies, programs and procedures for commercial storage, processing, packaging, and transportation of ASCS-CCC commodities.

It provides technical advice, assistance, direction and coordination in supply processed commodities for domestic and export use, and in carrying out traffic management operations. It maintains the Traffic Library of the Department, and carries out assigned defense activities.

The Prairie Village Commodity Office (PVCO), with its branch offices in Minneapolis, Minn., Evanston, Ill., Houston, Texas, and Portland, Ore., is concerned with grain and cotton.

The Minneapolis Commodity Office (MPCO) is concerned with processed commodities.

The Commodity Offices are primarily responsible for such activities as purchases, shipping, storage, commodity dispositions, financing, fiscal examination, payment and accounting.

Deputy Administrator, Management (DAM): This office is primarily responsible for overall management operations of the agency and its field offices. Its operations include administrative services, budget formulation and administration, fiscal and claims management, operations analysis, work measurement, manpower utilization, personnel management, employee development and training, and automatic data processing systems for ASCS.

Reporting to the Deputy Administrator are an Internal Consulting (IC) Staff and the following on-line divisions:

Personnel (PE) Division, with a field office in Kansas City, Mo.

Data Systems (DS) Division, with a data systems field office in Kansas City.

Fiscal (FI) Division, with an accounting field office and a claims field office in Kansas City.

Administrative Services (AS) Division, with an administrative services field office in Kansas City and an Aerial Photography field office in Salt Lake City, Utah, which directs operations of the Salt Lake City and Asheville, N.C., photo labs.

Commodity Programs

ASCS administers support programs for wheat, corn, cotton (upland and extra long staple), peanuts, rice, tobacco, milk and the products of milk, wool, mohair, tung nuts, barley, oats, grain sorghum, rye, flaxseed, soybeans, dry edible beans, honey, and gum naval stores (gum rosin).

Support is achieved, singly or in combination, through loans, purchases, and payments, all at announced levels.

For most commodities, loans are made directly to producers on the unprocessed commodity through ASCS county offices. Smaller quantities of some commodities are also purchased from producers. Milk and milk products are supported through purchases of processed dairy products. Support on tobacco, peanuts, and naval stores is carried out (1973) through CCC loans to approved producer cooperative and marketing associations, that in turn make support available to producers.

Loans usually are available for periods of six to eight months following harvest. Depending on the commodity, loans generally mature one to three months following the end of loan availability. For upland cotton, the term of the loan is 10 months from the first day of the month in which the loan is made, if the producer presents a warehouse receipt showing that not more than 60 days' storage charges have accrued on the cotton.

Loans to eligible producers are "nonrecourse". With this type of loan, producers are not obligated to make good, any decline in the market price of the commodity they have put up as collateral. If market prices rise above the loan level, producers can pay off their loans and market their commodity. If market prices fail to rise above the loan level, producers can deliver the commodity to CCC, with appropriate adjustments for quality and quantity, and discharge their obligations in full.

Purchases from producers are made at the time of loan maturity for the crop. When authorized, farmers also may continue their loans on certain grains in farm storage beyond the first year, earning storage payments during the announced loan extension ("reseal") period.

Support for wool and mohair is accomplished through payments which, in combination with producer marketing returns, bring their total return up to the announced support level. This level, through 1977, is 72 cents per pound for shorn wool and 80.2 cents per pound for mohair.

Eligibility for program loans, purchases and, payments when applicable, is conditioned on participation in set-aside, allotment, quota, acreage diversion, and other applicable program provisions in effect for the particular crop.

Although ASCS, through its personnel and facilities, administers support operations, the programs are authorized and financed by the CCC.

Production Adjustment

Cropland set-aside, acreage allotments, marketing quotas, and commodity acreage diversions, when applicable, are used, singly or in combination, in an effort to keep the production of commodities designated by law in line with demand. Acreage allotments apply to extra long staple cotton, rice, peanuts, and most kinds of tobacco.

When supplies of certain commodities become excessive, marketing quotas for specified commodities are used in conjunction with acreage allotments if at least two-thirds of the producers voting in referendum approve the quotas. When quotas are in effect, any excess production of the crop -- that is, in general, the production from acreage in excess of the farm acreage allotment -- is subject to penalties. Marketing quotas applied to 1973 crops of extra long staple cotton, peanuts, rice, and 8 kinds of tobacco.

National acreage allotments are divided among farms on the basis of past history of production of the crop and on other factors.

To participate in allotment programs, producers harvest within the acreage allotments set for the commodity for their farms.

The Agricultural Act of 1970, applicable through 1973, initiated a cropland set-aside approach for participating producers in the wheat, feed grains and upland cotton programs (1971-73 crop years). Under the Act, marketing quotas and acreage allotments were suspended for the 1971-73 crop years for wheat; and marketing quotas and penalties were suspended for the 1971-73 upland cotton crop years. The programs were voluntary. Under provisions of the Act, feed grains included corn and grain sorghum, and, if designated by the Secretary, barley. Barley was not included in the 1971 feed grain program.

The Agriculture and Consumer Protection Act of 1973, applicable to the 1974-77 crops of wheat, feed grains and upland cotton, continued and expanded on the land use provisions of the 1970 Act. The same quota exemptions were continued.

In addition, under his discretionary authority, the Secretary suspended the conserving base requirements through the 1977 crops, and announced there would be no set-aside requirements for the 1974 wheat, feed grain and upland cotton crops. He designated barley a feed grain for the life of the Act.

Flue-cured tobacco acreage-poundage quotas encourage growers to emphasize quality. Under the program of allotments by acreage, each producer could market penalty-free all tobacco produced on his alloted acreage. The acreage poundage program limits both poundage and acreage. This makes it both unnecessary and uneconomical for the grower to try to produce quantity at the expense of quality. The program also aims at bringing production into better balance with domestic use and exports. Flue-cured tobacco producers began using the acreage-poundage program in 1965. A poundage program was in effect for burley tobacco through the 1973 crop year.

Program eligibility is conditioned on participation in set-aside, allotment and quota programs (and appropriate provisions for tobacco) when in effect for a crop. Aerial photographs provide base maps for measuring areas planted to program crops and provide the basis, as needed, to determine farmer compliance with set-aside, allotment, acreage diversion, when applicable, and other program provisions.

Payment Limitation: The Agricultural Act of 1970 provided an annual ceiling of $55,000 per crop (1971-73 crop years) to producers of upland cotton, wheat, and feed grains, with the limitation to consider all payments made for acreage set-aside, diversion, public access and wheat marketing certificates. This limitation did not include loans or purchases. The payment limitation for 1974-77 was set at $20,000 by the Agriculture and Consumer Protection Act of 1973.

Long-Term Land Retirement Programs

Contractual agreements on prior long-term land retirement programs remain in effect for the following programs:

The Cropland Adjustment Program (which included Greenspan), authorized in 1965, was offered on only a limited scale during 1966 and 1967, with agreements entered into for periods up to 10 years. The program supplemented the annual commodity acreage diversion programs and, through Greenspan, provided for more open space and other recreational opportunities for urban areas. Specific incentives were offered to farmers if they shared their land facilities with the public (public access). Emphasis was given to the development of hunting and fishing areas through conservation practices designed to foster wildlife. Existing CAP agreements expire not later than 1976.

The Cropland Conversion Program, authorized in 1962, was offered on a pilot basis during the period 1963-67, with agreements entered into for periods up to 10 years. The program was designed to improve family farm income by helping farmers convert cropland, primarily that was used for the production of surplus row crops and small grains, to long-range income producing uses, such as forests, grass, water storage, wildlife habitat, or recreational facilities. Existing agreements under this program expire not later than 1975.

Other Rural Environmental and Conservation Programs

Title X, "Rural Environmental Conservation Program" of the Agriculture and Consumer Protection Act of 1973, and the Soil Conservation and Domestic Allotment Act, as amended, authorize grants and cost sharing with farmers and ranchers, on both annual and long-term basis, to carry out needed conservation and environmental measures on farms, ranches, wetlands, forests or other specified lands. The Water Bank Program is continued.

For 1974, applicable conservation and resource protection practices carried out under the existing Rural Environmental Assistance Program (REAP) will be available on both and annual and long-term contractual basis -- for three to 10 years. Incentives for tree planting are authorized to encourage timber growth, and designed for the ultimate development, management, and protection of nonindustrial private forest lands.

Program emphasis has been on meeting some of the more pressing farm-related conservation and environmental problems in rural areas, on practices for long-range protection of the environment, and on practices that provide substantial benefits to the public at the least possible public cost.

The program is administered in each county or parish by the ASC county committee. Under broad Federal and State guidelines and in consultation with other agencies, the committees select the approved cost-sharing practices best suited to meet the needs of their area; determine which farm land needs treatment and, within the county's allocation of funds, fix the amount of cost-sharing to be provided each farmer.

Commodity Disposal and Inventory Operations

When production exceeds demand, farm income has been protected from undue market-depressing effects of the surplus by adding supported commodities to stocks under storage loans or CCC ownership, thus stabilizing farm prices. Commodities acquired under the commodity programs are then made available for movement into consumption channels both at home and abroad as needs require.

The program provides for using these built-up stocks to stabilize consumer prices by moving commodities into use in times when supplies are low relative to need, or demand is strong through unusual circumstances. In many instances, the strengthening of demand relative to supply results directly from production adjustment programs that bring output down. By filling the gap between reduced production and current needs, the government reduces the surplus.

Stocks are never sold for domestic use at less than legal minimum levels, or current market prices, whichever is higher, except under authorized programs to meet emergency needs such as for livestock feed in disaster areas.

CCC commodities are sold for dollars and foreign currencies for movement into export channels. Farm commodities bartered for strategic and critical materials produced abroad and for goods and services to fill U.S. government needs abroad have come from commercial rather than CCC stocks. When needed, export payments have been used to keep designated U.S. farm products competitively priced in world markets.

Substantial quantities of food commodities are transferred, on either a reimbursable or non-reimbursable basis, for eventual donation to school lunch programs, Veterans Administration and Armed Forces hospitals, needy Indians and, through welfare organizations, to other needy persons in the United States and abroad. In most instances, arrangements are made to process the commodities into food and package them in consumer-size packages for donation.

Inventory Operations

Storage operations to safeguard stocks while they are in CCC ownership are an essential function of ASCS. Commercial storage facilities are used to the fullest extent practicable and the major part of CCC stocks are stored in these facilities. Grains and related commodities, when in the inventory and under loan programs, are stored under a uniform storage agreement with some 10,000 commercial warehouses throughout the U.S. Cotton, tobacco, dairy products, and other commodities are also stored under uniform agreements in commercial facilities. These agreements provide for uniform storage, handling, payments and other requirements needed to keep the inventory safe.

In the past, CCC has acquired supplemental bin storage in areas where storage was short, primarily in the corn-producing area. At one time, some grain was stored in ships of the reserve maritime fleet. Bin capacity has declined as unneeded bins were sold to farmers and private individuals, primarily for continued use in storing agricultural commodities. As of October 31, 1973, CCC-owned bin-type storage had a capacity of about 43.6 million bushels. At the peak in 1957, this capacity was 990 million bushels.

The Sugar Program

Basically, the Sugar Act is intended to do three things: (1) make it possible as a matter of national security to produce a substantial part of our sugar requirements within the continental United States; (2) assure United States consumers of a plentiful and stable supply of sugar at reasonable prices; and (3) permit friendly foreign countries to participate equitably in supplying the United States sugar market for the double purpose of expanding international trade and assuring an adequate and stable supply of sugar.

Main features of the program include: The determination each year of the amount of sugar which will be needed to fill United States requirements; the establishment of "quotas" which determine the share of this market which will be available for specific domestic and foreign producing areas; the establishment (as needed) of individual allotments, or "proportionate shares", for domestic farm producers and of marketing allotments for processors, and the payment of "conditional payments" to producers in return for their compliance with the provisions of the Sugar Act. Producers receive conditional payments if they (1) do not employ child labor, (2) pay their fieldworkers minimum wages that have been determined by the Secretary to be fair and reasonable, (3) comply with acreage allotments when allotments are in effect, and (4) if the producer is also a processor, pay other producers a fair and reasonable price for their sugarcane and sugarbeets.

Conditional payments to producers are financed out of the general funds of the Treasury. However, sugar excise taxes paid by processors and refiners provide funds for the Treasury which more than offset all costs of the program.

Natural Disaster Assistance

Three-member disaster committees have been established in each State. Members are the directors of the Farmers Home Administration and the Cooperative Extension Service, and the ASC State Chairman, who also serves as disaster committee chairman. State Disaster Committees report any energency situation, and, when necessary, recommend that the Secretary of Agriculture designate as disaster areas any that require emergency assistance.

Emergency assistance programs offered farmers in disaster-designated areas may include any or all of the following: (1) Permission to cut hay and graze livestock on lands retired or diverted from crop production under USDA programs; (2) making available CCC-owned or controlled feed to eligible farmers and ranchers at not less than 75 percent of the current county loan rate; and (3) cost-sharing with farmers who carry out emergency conservation practices to rehabilitate farmlands damaged by natural disaster.

Defense Readiness

USDA has a wide range of defense responsibilities. Some are inherent in its regular program authorizations. Others have been delegated by Executive orders covering defense preparedness and emergency operations.

To mobilize its field strength for defense purposes, USDA has established USDA Defense Boards in each State, in Puerto Rico-Virgin Islands, in the District of Columbia, in about 3,000 counties throughout the U.S., and in certain metropolitan areas. The members of these Boards represent USDA agencies having major field defense responsibilities.

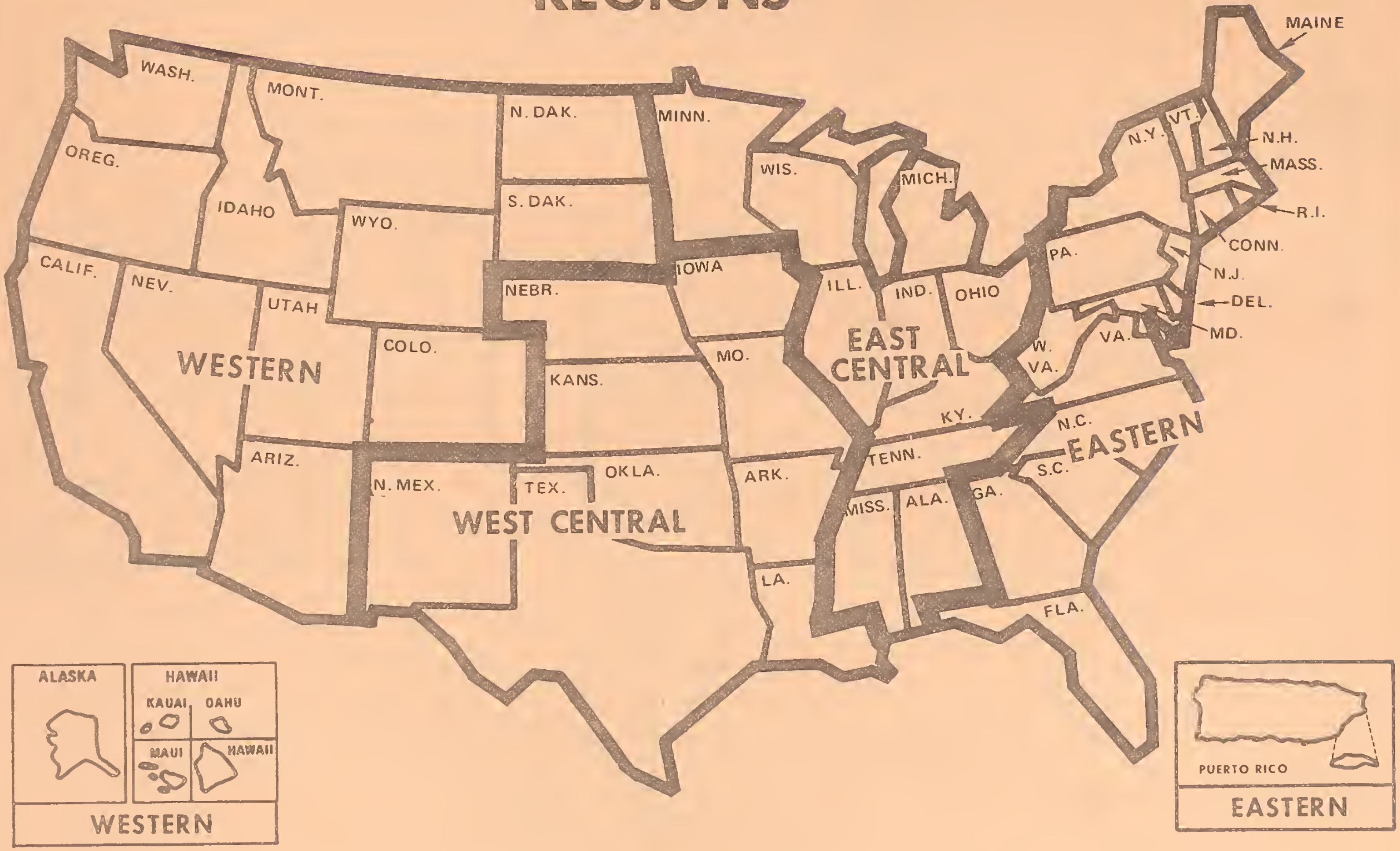
ASCS personnel serve as chairmen of USDA Defense Boards except in metropolitan areas.

ASCS is responsible for defense programs relating to farm production, conservation and stabilization. It is also responsible for defense preparedness and emergency operating programs relating to the handling, storage and distribution of all grains before export or processing.

ASCS also provides certain defense coordinating services, including USDA-wide consolidation of claims for non-food requisites and manpower necessary to support food and agricultural operations and other programs for which USDA is responsible; servicing of USDA State and County Defense Boards; coordination of USDA attack analysis and damage assessment activities; coordination and maintenance of emergency records systems in the field; and preparation of defense reports for USDA.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE (ASCS)

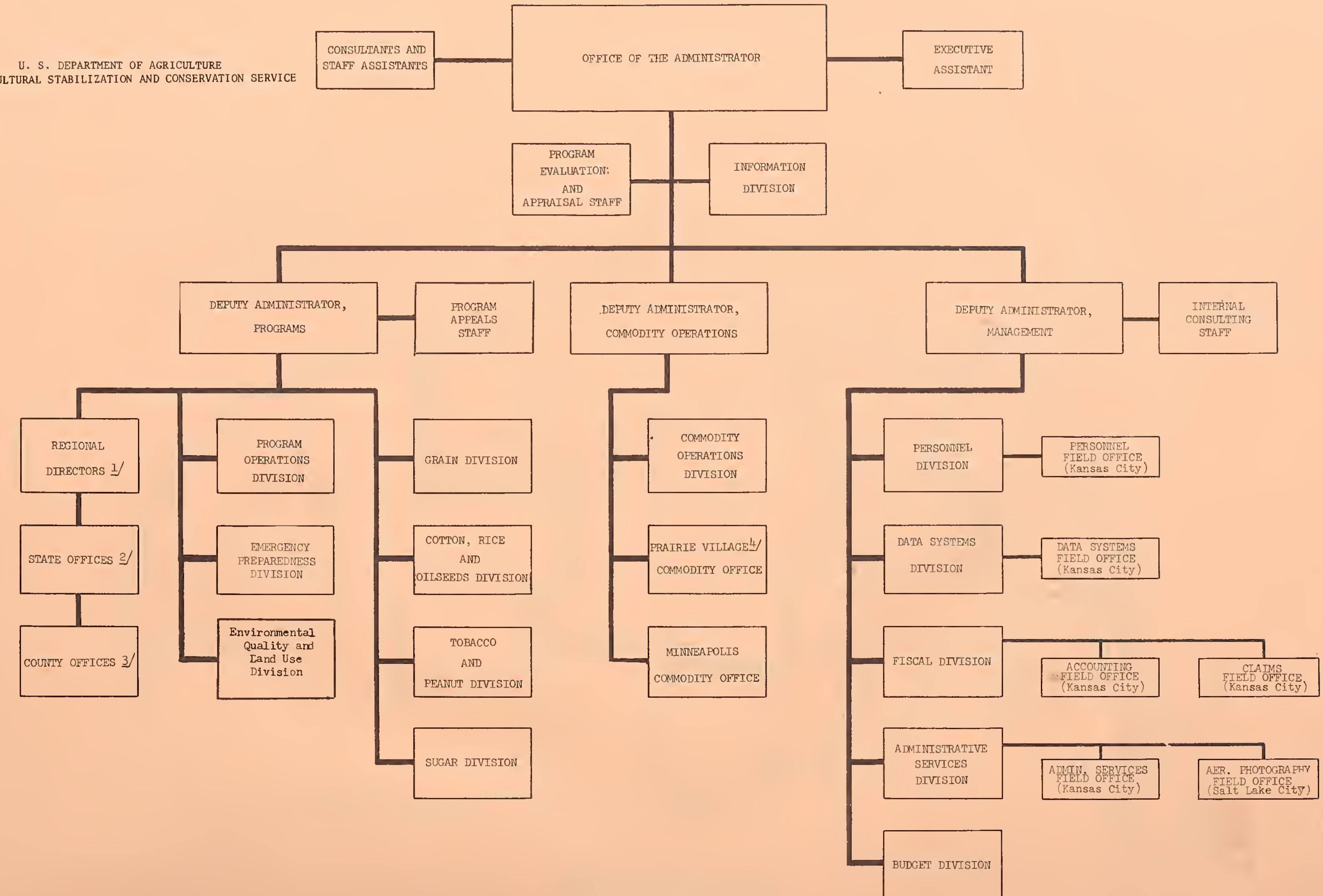
REGIONS



U.S. DEPARTMENT OF AGRICULTURE

Effective June 29, 1973

U. S. DEPARTMENT OF AGRICULTURE
ɜRICULTURAL STABILIZATION AND CONSERVATION SERVICE



Administers specified commodity and related land use programs designed for production adjustment, resource protection, and price, market, and farm income stabilization

1/ 4 Regions
2/ Office in each State and Puerto Ric
3/ Offices in Agricultural Counties
4/ Directs branch office(s)